

SENATE BILL 3151
By Haynes

AN ACT to amend Tennessee Code Annotated, Sections 49-7-802, 49-7-805(16), 49-7-807, 49-7-809(d), 49-7-809(e) and 49-7-810(c), relative to the Tennessee Baccalaureate Education System Trust.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 49-7-802(1), is amended by deleting the first sentence thereof in its entirety and by substituting instead the following:

(1) "Beneficiary" means an individual designated under a tuition contract as the individual entitled to apply tuition units purchased under the contract to the payment of that individual's undergraduate, graduate and professional tuition, and other educational costs as that term is defined in subdivision (4) of this section.

SECTION 2. Tennessee Code Annotated, Section 49-7-802, is amended by adding the following as a new subdivision (4) and by redesignating the current subdivisions accordingly:

(4) "Other educational costs" mean such other fees or expenses as may be determined by the board provided such fees or expenses are included in the definition of "qualified higher education expenses" under the sections of the Internal Revenue Code which are applicable to the program;

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SECTION 3. Tennessee Code Annotated, Section 49-7-802, is further amended by deleting the current subdivision (8) in its entirety and by substituting instead the following:

"Tuition contract" means a contract entered into under this part by the board and a purchaser to provide for the payment of tuition and other educational costs, as such term is defined in subdivision (4) of this section;

and by deleting from the current subdivision (10)(B) the figures "(10)" and by substituting instead the figures "(11)".

SECTION 4. Tennessee Code Annotated, Section 49-7-805(16), is amended by deleting the same in its entirety and by substituting instead the following:

(16) Enter into agreements with any public or private employer under which an employee may agree to have a designated amount deducted in each payroll period from the wages or salary due the employee for the purpose of purchasing tuition units pursuant to a tuition contract. Any such agreement shall be subject to the approval of the board and in conformity with such terms and conditions as may be determined by the board. In the event such an agreement is approved by the board, the employer shall be responsible for submitting to the board such information and causing to be performed in respect to its employees such duties as shall be prescribed by the board in order to carry out the purchase of tuition units by payroll deduction. All costs and expenses incidental to implementing and administering a payroll deduction program shall be borne by the respective employer.

SECTION 5. Tennessee Code Annotated, Section 49-7-807(b)(9), is amended by inserting immediately before the semicolon “;” the words “for tuition”.

SECTION 6. Tennessee Code Annotated, Section 49-7-807, is amended by adding a new subsection as follows:

(c) Notwithstanding any other law to the contrary, if the board determines, through the promulgation of a rule and regulation, that tuition units may be used by a beneficiary for the payment of other educational costs as defined in § 49-7-802(4), the board may provide in a tuition contract that the tuition units being used for the payment of such costs be paid directly to the beneficiary or to the entity to whom the charges are owed; provided that:

(1) such direct payments are authorized under the sections of the Internal Revenue Code which are applicable to the program; and

(2) the board receives proper documentation showing that such charges have been or will be incurred by the beneficiary.

SECTION 7. Tennessee Code Annotated, Section 49-7-809(d)(1), is amended by inserting immediately after the word “needed” and immediately before the word “on” in the first sentence thereof the words “to cover tuition”.

SECTION 8. Tennessee Code Annotated, Section 49-7-809(e), is amended by deleting the first sentence thereof in its entirety and by substituting instead the following:

If, in any academic term for which tuition units have been used to pay all or part of a beneficiary's tuition or other educational costs, the beneficiary withdraws from the institution of higher education at which the beneficiary is enrolled prior to the end of the academic term, a pro rata share of any refund of tuition or other

educational costs as a result of the withdrawal equal to that portion of the tuition or costs paid with tuition units shall be made to the board, unless the board designates a different procedure.

SECTION 9. Tennessee Code Annotated, Section 49-7-810(c), is amended by inserting immediately after the word “solely” and immediately before the colon “:” in the second sentence thereof the word “to”, and by deleting subdivision (1) in its entirety and by substituting instead the following:

(1) Make payments to, or on behalf of, beneficiaries pursuant to § 49-7-807(a);

SECTION 10. This act shall take effect upon becoming a law, the public welfare requiring it.